

**BOARD FOR CONTRACTORS COMMITTEE
MEETING MINUTES**

The Board for Contractors Committee (The Committee) met on Tuesday August 22, 2006, at the Department of Professional and Occupational Regulation (DPOR), 3600 West Broad Street, Richmond, Virginia. The following Committee members were present:

Robert M. Kirby, Chairman
Michael D. Redifer, Vice Chairman
Ann Rackas Pate

Committee member Anthony Orange did not attend the meeting.
Board Member Wyatt Walton attended part of the meeting.
Board Member Jeffrey Modisett attended part of the meeting.

The following DPOR staff attended the meeting:

Jay DeBoer, Director
Karen O'Neal, Deputy Director
Eric L. Olson, Executive Director
Kevin Hoeft, Regulatory Boards Administrator
Karen Kenney, Administrative Assistant
Jennifer Kazzie, Compliance and Investigations Division

Chairman Robert Kirby called the meeting to order at 2:00 p.m.

The Meeting Agenda was approved unanimously. Motion made by Mr. Redifer and seconded by Ms. Rackas Pate.

The Minutes from the May 23, 2006, Committee meeting were adopted as drafted by unanimous vote. Motion made by Mr. Redifer, seconded by Ms. Rackas Pate.

There was no Public Comment.

At its June 27, 2006, meeting the Board requested that the Committee review the statutes, regulations, and policies governing the "Financial Position" requirements for Class A and Class B Contractors and recommend any necessary changes. Board Member Wyatt Walton joined the Committee for this discussion.

The Committee noted that the current Financial Position requirements of \$45,000 in net worth or equity for a Class A Contractor and \$15,000 in net worth or equity for a Class B Contractor have not been raised for over ten years. The Committee also noted that the monetary ceiling for a Class B Contractor was raised from \$70,000 per job and \$500,000 per year to \$120,000 per job and \$750,000 per year in July 2005.

After discussion, and a motion by Ms. Rackas Pate, seconded by Mr. Redifer, the Committee unanimously recommended that the Board amend its regulations to raise the net worth or equity requirement to \$75,000 for a Class A Contractor and to \$25,000 for a Class B Contractor.

The Committee requested that Mr. Walton check with several CPA firms to determine the average cost for a Class A or Class B Contractor Business License Applicant to obtain a CPA Review and the cost for a less stringent type of review of an applicant's financial position. The Committee requested that Mr. Walton report his findings to the Committee at its next meeting on November 28, 2006.

The Committee also requested that Board staff contact several surrounding states to determine their financial position requirements for contractors and report this information to the Committee at its November 28, 2006, meeting.

Two education providers, Contractors Institute, Inc., and Educational Ingenuity Corporation appeared before the Committee.

President Robert Gregory of Contractors Institute, Inc. requested that the Committee and Board approve his firm's revised lesson plans and resource

Call To Order

**Approval of
Agenda**

**Minutes
Adopted**

Public Comment

**Class A & B
Contractor Financial
Position Requirement
Discussion**

**Education Provider
Applicants**

**Contractors Institute,
Inc.**

materials to its Board-approved eight-hour Prelicense and Remedial Education course. These revisions are consistent with the Board-approved eight-hour Prelicense and Remedial Education classes taught by the Virginia Community College system.

After discussion, and a motion by Ms. Rackas Pate, seconded by Mr. Redifer, the Committee unanimously recommended that the Board approve Contractors Institute Inc.'s course revisions.

Brett Hallogren, representing Educational Ingenuity Corporation, t/a American Contractors Educational Institute (ACEI), requested that the Committee and Board approve ACEI's on-line eight-hour Prelicense and Remedial Education course. Mr. Hallogren provided the Committee with an on-line class demonstration at www.aceionline.com.

**Educational
Ingenuity
Corporation, t/a
American
Contractors
Educational Institute.**

Mr. Hallogren informed the Committee that ACEI would like to withdraw its request to provide on-site classes as expressed in it July 18, 2006, proposal.

The Committee expressed concerns with being able to guarantee that the individual who is supposed to take the course actually does take the course. Mr. Hallogren informed the Committee that a variety of security measures will be used to ensure this, such as "Sprinkled ID," the student signing and faxing in a signed affidavit upon course completion, and a course timer, which requires that the student must spend at least eight hours in the on-line course.

"Sprinkled ID" consists of each student being asked several specific personal history questions during his on-line class enrollment. Examples of these questions include, "What was the first letter of your mother's name?" or "What is the first and second letter of the city in which you were born?" During the on-line class, the student will be asked, at random times, eight specific questions related to the personal history answers he gave during on-line enrollment. If the student fails to answer the question correctly on the first try, then he will get one more chance to answer a different question. If he does not answer the second question correctly, then the student will be required to contact ACEI to confirm his identity. To confirm the student's identity, ACEI will require that the student fax them a copy of his driver's license, answer correctly four questions related to the student's personal information, and then log back into the course while on the phone with ACEI.

After discussion, and a motion by Mr. Redifer, seconded by Ms. Rackas Pate, the Committee unanimously recommended that the Board approve ACEI's on-line eight-hour Prelicense and Remedial Education courses.

Staff informed the Committee that the name "Basic Contractor Business Licensing Class" does not need to be applied to every Prelicense Education Course approved by the Board. The Board has four categories of approved

**Prelicense and
Remedial Education
Course Names**

education courses: 1) Contractor Prelicense Education; 2) Contractor Remedial Education; 3) Tradesman Prelicense Education; and 4) Tradesman Continuing Education. Particular course names are within the jurisdiction of the education provider.

Staff informed the Committee that several license applicants have completed the Board-approved Prelicense (Remedial) Education Course within the past year. However, the Board gave initial approval to this Prelicense Education Class on June 27, 2006. The Committee was asked to consider the merits of providing retroactive approval of the Prelicense (Remedial) Education Course for those individuals who completed this course prior to June 27, 2006.

After discussion, and a motion by Mr. Redifer, seconded by Ms. Rackas Pate, the Committee unanimously recommended that the Board approve retroactive approval of the Prelicense Education Course up to one year prior to the date of contractor business license application.

Kevin Hoeft updated the Committee that no new contacts regarding reciprocity have been made with surrounding states.

Staff informed the Committee that a recent visit to the Ford Automotive Plant in Norfolk brought up the subject as to whether industrial electrical work qualifies as practical experience in the electrical trade as defined by the Board.

After discussion and on a motion by Mr. Redifer, seconded by Ms. Rackas Pate, the Committee unanimously recommended that the Board recognize as practical experience in the electrical trade, any industrial electrical work that is governed by the National Electrical Code.

After a short discussion, the Committee affirmed the Board's current policy which requires that Residential Home Improvement Contractors (HIC) cannot perform trade-related work. Trade-related work must be done by a licensed tradesman or by a licensed contractor with the required trade classification.

The Committee considered an August 11, 2006, letter from Wanda Morris who made the following requests: 1) Require licensed contractors to identify warranty information in their sales contracts; and 2) Link Board disciplinary actions to individuals and make all disciplinary action involving individuals available to the public on the Board's website.

After discussion, and a motion by Ms. Rackas Pate, seconded by Mr. Redifer, the Committee unanimously recommended that the Board consider these items during its next Regulatory Review period.

After discussion, and a motion by Mr. Redifer, seconded by Ms. Rackas Pate, the Committee unanimously nominated Mr. Cronin to replace Mr. Hollar and Mr.

Retroactive Approval of Prelicense Education Courses

Reciprocity Update

Industrial Electrical Work as Practical Experience in the Trade

Home Improvement Contractors Performing Trade- related Work

Warranty Information on Contract and Link Individuals to Disciplinary Actions

New Committee Members

Modisett to replace Mr. Falwell on the Committee.

There was no old business.

Old Business

Mr. Redifer brought up several new items for discussion.

New Business

First, it appears that Chesterfield and Fairfax Counties have access to the Board's information concerning Designated Employees, Qualified Individuals and Responsible Managers. The Committee agreed that other localities interested in seeking this information should contact Jeanne Branch, Manager of DPOR's Information Systems Section.

Second, Highway/Heavy (H/H) contractors are authorized to "install water, gas, and sewer connections to residential, commercial, and industrial sites, subject to local ordinances." Some H/H contractors install water and sewer lines on private property. Other H/H contractors install backflow prevention devices. Both of these examples appear to go beyond what the Board's regulations authorize for H/H contractors. After discussion, the Committee agreed to table this item until its next meeting on November 28, 2006. Mr. Kirby, Mr. Redifer and Mr. Modisett will conduct independent research and share their findings with the Committee at that time.


Third, if an unlicensed contractor does enough jobs under \$1000 in one year so that he exceeds \$150,000 in total work done, then does the contractor need to be licensed? The Committee agreed that any change in this area would require legislative action.

Fourth, are licensed contractors subject to any warranty requirements for new construction? The Committee agreed that licensed contractors who build and sell new homes are bound by the warranty requirements of § 55-70.1 of the *Code of Virginia*, which requires that "the warranty shall extend for a period of one year from the date of transfer of record title or the vendee's taking possession, whichever occurs first, except that the warranty for the foundation of new dwellings shall extend for a period of five years from the date of transfer of record title or the vendee's taking possession, whichever occurs first."

Chairman Kirby entertained a motion to adjourn from Ms. Rackas Pate, seconded by Mr. Redifer and approved unanimously by the Committee. The meeting adjourned at 4:15 p.m.

Adjourn


Robert M. Kirby, Chairman


Date